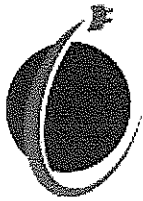


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Competitive
Power Ventures, Inc.

February 25, 2008

Senator John W. Fonfara, Co-Chair
Representative Steve Fontana, Co-Chair
Energy and Technology Committee
Room 3900, Legislative Office Building
Hartford, CT 06106

RE: Rejection of Raised Bill No. 188; *An Act Concerning Certain Electric Utility Powers and Investments*

Dear Chairmen Fonfara and Fontana:

Competitive Power Ventures, Inc. ("CPV, Inc.") is a greenfield development, asset management and transaction execution company focusing on the North American power generation market. CPV, Inc.'s power plant development program encompasses large scale wind as well as clean, high efficiency natural gas-fired projects. CPV Inc.'s asset management program provides "owner for hire" services to over 6000 megawatts of privately held generation assets, including **Milford Power Company** located in Milford, Connecticut.

CPV, Inc. appreciates the opportunity to comment in this Raised Bill as it is very concerned with the implications of the language contained in §2 of Bill No. 188:

Notwithstanding any limitation imposed by its charter, each domestic electric company, as defined in section 16-246a of the general statutes, is authorized and empowered to generate and transmit electric energy and to acquire utility facilities necessary or convenient for the purposes of its electric utility business or undivided interests therein, and to operate the same, anywhere within or without the state, provided nothing herein shall be construed to authorize such a company to sell electric energy in this state to any person or within any area, except as otherwise authorized by its charter or the general statutes.

CPV, Inc. strongly opposes the concept of allowing publicly owned utilities to re-enter the generation sector because the competitive procurement of power supply resources represents the best long term solution for achieving low consumer energy costs. Simply put, the forces of competition exert downward pressure on costs, encourage innovation, and culminate in the production of a safe, reliable energy infrastructure. In comparison, the cost-of-service compensation structure advocated for in Bill No. 188 will once again insulate utilities from competitive forces and increases the likelihood of both higher consumer energy costs and stranded costs.

35 Braintree Hill Office Park, Suite 400, Braintree, MA 02184
781 848 0253

The introduction of Bill No. 188 is particularly disappointing in light of recent events which underscore the success of competition in energy markets. First, CPV, Inc. would point to the results of the first ever Forward Capacity Market Auction recently conducted by ISO New England, the operator of the region's bulk power system and wholesale electricity markets. The Forward Capacity Market is designed to promote private investment in demand- and supply-side resources to satisfy future regional requirements. Notable features of the auction include:¹

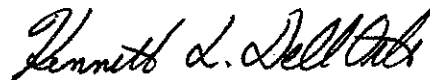
- The acceptance of approximately 2,047 MW of excess capacity beyond what is required to maintain the reliability of New England's power system during the 2010-2011 period
- The selection of more than 1,813 MW of new resources in New England, including 1,188 MW of demand-side projects and 626 MW of supply projects
- The selection of 592 MW of new resources to be located in Connecticut (representing an 8% increase over Connecticut's 7,445 MW of existing resources)

In addition, there are currently over 15,800 MW of new resources that have expressed interest in participating in the second Forward Capacity Market Auction, which is scheduled for December 2008². This includes over 14,000 MW of supply-side resources from traditional generation resources and over 1,800 MW of demand-side resources³. The results of this most recent auction as well as the considerable interest in subsequent auctions together stand as proof of the effectiveness of competition in fulfilling the region's long-term electricity needs.

CPV, Inc. would also refer the Committee to conclusions of the Maine Public Utilities Commission ("MPUC") report prepared at the behest of the Maine Legislature which reaffirms that competitive suppliers are best option for consumers. In its January 15, 2008 *Report on Transmission & Distribution Utilities Participation in the Energy Supply Business*, the MPUC assessed the issue of whether the law should be restructured to permit utilities to re-enter the generation business on a regulated basis. Ultimately, the MPUC "...recommends against any immediate legislative changes that would allow the State's utilities to re-enter the business of owning or controlling generation assets..."⁴ CPV, Inc. is hopeful that similar to the MPUC, the Committee will recognize the many adverse impacts associated with utility-owned generation and determine that competitive markets remain the best option.

In summary, CPV, Inc. opposes Bill No. 188; *An Act Concerning Certain Electric Utility Powers and Investment* and urges the Committee to reject any proposal that returns the state of Connecticut to monopoly generation.

Very truly yours,



Kenneth L. Dell Orto,
Senior Associate
Competitive Power Ventures, Inc.

¹ Wholesale Marketplace Helping to Achieve Long-term Power System Reliability Goals, ISO New England, February 13, 2008. Pages 1 and 2.

² Id at 2.

³ Id at 3.

⁴ Id at 7.